

## INCOME VERIFICATION FOR PENALTY & INTEREST WAIVER (PER RCW 84.64.020 (19))

### AUTHORITY:

Per RCW 84.64.020 (19): "No earlier than sixty days prior to the date that is three years after the date of delinquency, the treasurer must waive all outstanding interest and penalties on delinquent taxes due from a taxpayer if the property is subject to an action for foreclosure and the following requirements are met:

- (a) The taxpayer is income-qualified under RCW 84.36.381(5)(a), as verified by the county assessor;
- (b) The taxpayer occupies the property as their principal place of residence; and
- (c) The taxpayer has not previously received a waiver on the property as provided under this subsection."

I, \_\_\_\_\_ (name of applicant), request a waiver of penalty and interest for my principal place of residence for the year \_\_\_\_\_ at Parcel # \_\_\_\_\_ (address of home). The income information is accurate and I have not previously received a waiver on the property listed above.

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

**For payments made between March 1<sup>st</sup> and prior to the filing of the first Certificate of Delinquency in Superior Court.**

### ***For Assessor's use only***

☐ YES / ☐ NO The taxpayer's income qualifies for the one-time waiver for the year \_\_\_\_\_.

Printed Name - Deputy Assessor: \_\_\_\_\_

Signature - Deputy Assessor: \_\_\_\_\_ Date: \_\_\_\_\_

### ***For Treasurer's use only***

Taxpayer Name: \_\_\_\_\_

Parcel #: \_\_\_\_\_ Tax Year: \_\_\_\_\_

Proof of Residency \_\_\_\_\_

Printed Name - Foreclosure Deputy: \_\_\_\_\_

Signature - Foreclosure Deputy: \_\_\_\_\_ Date: \_\_\_\_\_

## Income Qualification Worksheet

As described in RCW 84.56.020(19)(a)

**IMPORTANT: PLEASE ANSWER ALL OF THE FOLLOWING QUESTIONS.**

### Income:

- A. ☐ Yes ☐ No **Did you file a federal tax return?** If yes, enter your Adjusted Gross Income (AGI) from your federal tax return and attach a complete copy of your return. If no, enter 0-.
- B. ☐ Yes ☐ No **Did you have capital gains that were not reported on your tax return?** Do not add the gain from the sale of a primary residence if you used the entire gain to purchase a replacement residence in the same year. Do not use losses to offset gains.
- C. ☐ Yes ☐ No **Did you have deductions for losses included in your tax return?** If yes, the losses must be added back to the extent they were used to offset/reduce income. (Ex: On Schedule D, you reported a (\$10,000) loss but the loss was limited to (\$3,000), shown on Sch 1, Line 13 of your 1040. Add the (\$3,000) loss used to offset/reduce your income.) (Ex: You filed two Sch C's – one with a (\$10,000) loss and one with a \$5,000 net income. A net loss of (\$5,000) was reported on your 1040, Sch 1, Line 12. Add back the (\$10,000) loss.)
- D. ☐ Yes ☐ No **Did you deduct depreciation expense in your tax return?** If yes, that expense must be added back to the extent the expense was used to reduce your income. (Ex: Net loss reported: If you deducted depreciation as a business and/or rental expense that resulted in a loss, recalculate the net income/loss without the depreciation expense. If there is still a net loss enter -0- here, if there is net income enter the net income here.)
- E. ☐ Yes ☐ No **Did you have nontaxable dividend or interest income, OR, income from these sources that was not reported on your tax return?** If yes, add that income here. Include non-taxable interest on state and municipal bonds.
- F. ☐ Yes ☐ No **Did you have nontaxable pension and annuity income, OR, income from these sources that was not reported on your tax return?** If yes, report the amounts here. (Ex: You received \$10,000 in pensions and annuities. The taxable amount was \$6,000. Report the nontaxable \$4,000 here.) Do not include non-taxable IRA distributions.
- G. ☐ Yes ☐ No **Did you receive military pay and benefits that were nontaxable, OR, income from these sources that was not reported on your tax return?** If yes, report that income here, including CRSC. Do not include attendant-care and medical-aid payments.
- H. ☐ Yes ☐ No **Did you receive veterans pay and benefits from the Department of Veterans Affairs that was nontaxable, OR, that was not reported on your tax return?** If yes, report that income here. Do not include attendant-care and medical-aid payments, disability compensation, or dependency and indemnity compensation paid by DVA.
- I. ☐ Yes ☐ No **Did you receive nontaxable Social Security or Railroad Retirement Benefits?** If yes, report that income here. (Ex: Your gross Social Security benefit was \$10,000 and \$4,000 was included in AGI as the taxable amount, report the non-taxable \$6,000 here.)
- J. ☐ Yes ☐ No **Did you receive income from business, rental, or farming activities (IRS Schedules C, E, or F) that was not reported on your tax return?** Report that income here. You can deduct normal expenses, except depreciation expense, but do not use losses to offset income.
- K. ☐ Yes ☐ No **Did you receive Other Income that is not included in the amounts on Lines A - J?** Give source, type, and amount.

**Subtotal Income:**

### Did you have any of the following Allowable Deductions?

- L. ☐ Yes ☐ No **Nursing Home, Boarding Home, or Adult Family Home costs**
- M. ☐ Yes ☐ No **In-Home Care expenses** (See instructions for qualifying expenses)
- N. ☐ Yes ☐ No **Prescription Drug costs**
- O. ☐ Yes ☐ No **Medicare Insurance Premiums under Title XVIII of the Social Security Act (Parts B, C, and D).** Currently, there is no allowable deduction for supplemental, long-term care, or other types of insurance premiums
- P. ☐ Yes ☐ No **Enter -0- here if you filed a return with IRS and entered an amount on Line A.** If you did not file a return with IRS and you had expenses normally allowed by IRS as adjustments to gross income, enter those deductions here. Allowable adjustments include alimony you paid, tuition, moving expenses, and others. See the instructions.

**Subtotal Allowable Deductions:**

**Total Combined Disposable Income:**

20 Income Year	County Use Checklist
<b>\$ Amount</b>	<input type="checkbox"/> IRS Tax Return <input type="checkbox"/> 1040 <input type="checkbox"/> 1040-A or EZ
	<input type="checkbox"/> Sch D <input type="checkbox"/> Form 4797 or 6252 <input type="checkbox"/> Other
	<input type="checkbox"/> Sch C <input type="checkbox"/> Sch D <input type="checkbox"/> Sch E <input type="checkbox"/> Sch F <input type="checkbox"/> Other
	<input type="checkbox"/> Sch C <input type="checkbox"/> Sch E <input type="checkbox"/> Sch F <input type="checkbox"/> Sch K-1 <input type="checkbox"/> Other
	<input type="checkbox"/> Bank Statements <input type="checkbox"/> 1099's <input type="checkbox"/> Other
	<input type="checkbox"/> 1099's <input type="checkbox"/> Other
	<input type="checkbox"/> DFAS Statement <input type="checkbox"/> 1099's <input type="checkbox"/> Other
	<input type="checkbox"/> VA Statement <input type="checkbox"/> 1099's <input type="checkbox"/> Other
	<input type="checkbox"/> SS Statement <input type="checkbox"/> RRB Statement
	<input type="checkbox"/> Sch C <input type="checkbox"/> Sch E <input type="checkbox"/> Sch F <input type="checkbox"/> Other
	<input type="checkbox"/> Other <input type="checkbox"/> Other
\$	
	<input type="checkbox"/> Other
	<input type="checkbox"/> Other
	<input type="checkbox"/> Printout/Receipt
	<input type="checkbox"/> SS Statement <input type="checkbox"/> Other
	<input type="checkbox"/> <input type="checkbox"/>
\$	
\$	

**County Use Only:**



## Instructions for Completing the Worksheet

During the 2019 Legislative session, the Legislature passed ESSHB 1105. In part, the bill enacts a measure to protect taxpayers from home foreclosure by providing a one-time waiver of penalties and interest a taxpayer meets certain qualification. To receive the one-time waiver the taxpayer must meet the following qualifications:

- Income
- Residency
- Not waived previously

This worksheet will assist taxpayers and the county assessor in determining if the taxpayer meets the income qualification for the waiver.

### **PAGE 1 - How is income calculated?**

If the taxpayer has a combined disposable income of *Income Threshold 3* or less ([dor.wa.gov/incomethresholds](http://dor.wa.gov/incomethresholds)) they meet the income qualification for the waiver. The Legislature gave "disposable income" a specific definition. According to RCW 84.36.383(5), "disposable income" is federal adjusted gross income, as defined in the federal internal revenue code, plus all of the following that were not included in, or were deducted from, adjusted gross income:

- ◆ Capital gains, other than a gain on the sale of a principal residence that is reinvested in a new principal residence;
  - ◆ Amounts deducted for losses or depreciation;
  - ◆ Pensions and annuities;
  - ◆ Social Security Act and railroad retirement benefits;
  - ◆ Military pay and benefits other than attendant-care and medical-aid payments;
  - ◆ Veterans pay and benefits other than attendant-care, medical-aid payments, veterans' disability benefits, and dependency and indemnity compensation; and
  - ◆ Dividend receipts and interest received on state and municipal bonds.
- ◆ **This income is included in "disposable income" even when it is not taxable for IRS purposes.**

### **What if my income changed in mid-year?**

If your income was substantially reduced for at least two months before the end of the year and you expect that change in income to continue, you may be able to use your new average monthly income to estimate your annual income. Calculate your income by multiplying your new average monthly income (during the months after the change occurred) by twelve. Report this amount on Line K and do not complete Lines A through J. Provide documentation that shows your new monthly income and when the change occurred.

**Example:** You retired in May and your monthly income was reduced from \$3,500 to \$1,000 beginning in June. Multiply \$1,000 x 12 to estimate your new annual income.

**Important:** Include all income sources and amounts received by you, your spouse/domestic partner, and any co-tenants during the application/assessment year (the year before the tax is due). If you report income that is very low or zero, attach documentation showing how you meet your daily expenses.

Use **Line K** to report any income not reported on your tax return and not listed on Lines A through J. Include foreign income not reported on your federal tax return and income contributed by other household members. Provide the source and amount of the income.

### **Lines L - O - What is combined disposable income?**

RCW 84.36.383(4) defines "combined disposable income" as your disposable income plus the disposable income of your spouse or domestic partner and any co-tenants, minus amounts paid by you or your spouse or domestic partner for:

- ◆ Prescription drugs;
- ◆ Treatment or care of either person in the home or in a nursing home, boarding home, or adult family home; and
- ◆ Health care insurance premiums for Medicare. (At this time, other types of insurance premiums are not an allowable deduction.)

Care or treatment in your home means medical treatment or care received in the home, including physical therapy. You can also deduct costs for necessities such as oxygen, special needs furniture, attendant-care, light housekeeping tasks, meals-on-wheels, life alert, and other services that are part of a necessary or appropriate in-home service.

### **Special instructions for Line P.**

If you had adjustments to your income for any of the following and you did not file an IRS return, report these amounts on Line P and include the IRS form or worksheet you used to calculate the amount of the adjustment.

- ◆ Certain business expenses for teachers, reservists, performing artists, and fee-basis government officials
- ◆ Self-employed health insurance or contributions to pension, profit-sharing, or annuity plans
- ◆ Health savings account deductions
- ◆ Moving expenses
- ◆ IRA deduction
- ◆ Alimony paid
- ◆ Student loan interest, tuition, and fees deduction
- ◆ Domestic products activities deduction

**PROVIDE THIS COMPLETED WORKSHEET TO YOUR COUNTY ASSESSOR'S OFFICE FOR VERIFICATION OF YOUR INCOME.**

## Documentation to Include

**You must provide documentation to the Assessor for verification for all income received by you, your spouse or domestic partner, and any co-tenants.**

### **PROOF OF INCOME**

#### **Federal Tax Forms**

If you filed a federal tax return, provide a complete copy including, but not limited to, all of the following forms or schedules that are part of your federal return.

- IRS Form 1040, 1040A, or 1040EZ
- Schedule B - Interest & Ordinary Dividends
- Schedule C - Profit & Loss from Business Schedule D - Capital Gains & Losses
- Schedule E - Supplemental Income & Loss
- Schedule F - Profit & Loss from Farming
- Form 1116 – Foreign Tax Credit
- Form 4797 - Sales of Business Property
- Form 6252 - Installment Sale Income
- Form 8829 - Expenses for Business Use of your Home
- Social Security Statement (Generally, SSA 1099)
- K-1's

#### **Non-IRS Filers:**

If you do not file an IRS return, you must provide documentation of all income received by you, your spouse/domestic partner, and any co-tenants.

#### **Other Documents:**

Include copies of standard federal forms and documents used by others to report income they paid out including, but not limited to, the following:

1. W-2's - Wage & Tax Statement  
W-2-G - Certain Gambling Winnings
2. 1099's:
  - 1099-B - Proceeds from Broker & Barter Exchange
  - 1099-Div - Dividends & Distributions
  - 1099-G – Unemployment Compensation, State & Local Income Tax Refunds, Agricultural Payments
  - 1099-Int - Interest Income
  - 1099-Misc - Contract Income, Rent & Royalty Payments, Prizes
  - 1099-R - Distributions from Pensions, Annuities, IRA's, Insurance Contracts, Profit Sharing Plans
  - 1099-S - Proceeds from Real Estate Transactions
  - RRB-1099 - Railroad Retirement Benefits
  - SSA-1099 - Social Security Benefits

#### **Other Income Sources**

If you have income from other sources and you did not receive a W2 or 1099 for the income you received, provide the following:

- a statement from the organization that issued the payments; and/or
- copies of your monthly bank statements with a statement describing the type of income received (e.g. tips, cash earned from yard sales or odd jobs, rental income, groceries purchased for you in return for a room in your house, etc.).

### **PROOF OF EXPENSES**

**Provide documentation for all allowable out-of-pocket expenses that were not reimbursed by insurance or a government program.**

Provide a copy of an invoice, bill, or cancelled check if you or your spouse or domestic partner paid for any of the following:

- Care in a nursing home, boarding home, or adult family home
- In-home care
- Prescription drugs (Most pharmacies will provide a print-out for the year if you ask for one.)
- Medicare Prescription Drug or Medicare Advantage insurance plans